

The Protection of Geographical Indications in China

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1. Introduction

The TRIPS Agreement

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of 15 April 1994 defines Geographical Indications as “... *indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin*”.

The Agreement leaves to the Members the choice between protecting GIs under the trademark system (the United States choice) or as a “*sui generis*” concept (the European choice).

The dual choice of China

China embraced both regimes and started, first, with the collective or certification trademark system and adopted, later and concurrently with the *sui generis* system, an *ad hoc* regulation in which GIs are defined as “GI Products”.

Trademark regime

In establishing its GI trademark regime, China cited and combined two different sources: (1) the definition of the TRIPS Agreement (above) and (2) the definition provided by the *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration* (October 31, 1958), for the “Appellations of Origin”: “... *the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors*”.

In 2001, China's legislator introduced Article 16.2 in the then Trademark Law, which reads as follows: "... a sign which identifies a good originating from a certain region, where a given quality, reputation or other characteristic of the good is essentially attributable to the natural or human factors of the region." In 2002, the Implementing Regulation of the Trademark Law specified that "GIs may be registered as collective or certification trademarks".

In 2003, China promulgated the "Regulations for the Registration and Administration of Collective Marks and Certification Marks", which heralded the registration of a geographical indication as a collective mark or a certification mark.

"sui generis GI Products" regime

In 2005, China decided to protect GIs with a "sui generis" registration and protection system that runs parallel to the trademark system already in place. The "sui generis" regime is similar to what was in force in Europe. The *Provisions for the Protection of GI Products* published by the then quality watchdog Administration of Quality Supervision Inspection and Quarantine (AQSIQ)[1], define the GI Product using similar terms as the Trademark Law. "The term 'geographical indication product' refers to products whose quality, reputation, or other essential characteristics are primarily determined by the natural and human factors of a specific region".

Both regulations were revised and respectively replaced by a new Regulation on Collective and Certification Trademarks and a new Measures on the Protection of GI products (both dated 29 December 2023), which entered into force on 1st February 2024.

2. Differences between the two regimes: enforcement

China's institutional reform in 2018, which led to the dissolution of the AQSIQ and the integration of its remit over GI products under the roof of China National Intellectual Property Administration (CNIPA) has long triggered the speculation over the integration of the two regimes. The simultaneous promulgation of the two aforesaid regulations may have given, at the time, the impression that the creation of a unique regime of protection for all GIs could be well under way. Indeed, the concept of a "unified GI law" is a topic of heated discussion in the Chinese academia.

Six years on, a unified law is not yet on the horizon. The concomitance of the two regimes merits a thorough analysis of their differences, which mainly concerns the enforcement of the GI right.

Protection against conflicting trademarks

In fact, the term "enforcement" corresponds to two different situations which need to be distinguished: (1) protection against the registration of conflicting trademarks incorporating the GI, and designating identical, similar or even different products, and (2) protection against the use of the GI by third parties on identical, similar or even different products.

The Trademark Law offers unique legal basis and affords GI right owners protection against conflicting trademarks in three articles:

Article 10.1.7: *“The following signs shall not be used as trademarks:… (7) those deceptive, which are likely to mislead the public to misidentify the quality or other characteristics or place of origin of the goods;”*

Article 10.2: *“The geographical names (in China) …and the foreign geographical names well-known to the public shall not be used as trademarks, [except if they have other meanings or are part of a collective mark or certification mark. ….]”*

Article 16.1: *“A trademark that consists of or contains a geographical indication in respect of goods that are not originating from the indicated region to such an extent as to mislead the public, …shall not be registered and shall not be used.”*

Based on Article 16, foreign GIs like the famous Margaux and Romanée Conti wines obtained the refusal or invalidation of trademarks using their name, even without trademark registrations in China. The CNIPA also sided with owners of registered collective trademarks of Napa Valley, Bordeaux, and Saint Emilion, in refusal or invalidation proceeding, citing Article 16 or Article 10.2.

And even when different products are concerned, Article 10.2 was wielded by the Comité Interprofessionnel du Vin de Champagne (CIVC) to prevent Victoria Secret from filing the name VICTORIA'S SECRET CHAMPAGNE GLOW, designating "cosmetic preparations for skin care; bath preparations, not for medical purposes; perfumes" in Class 3.

Protection against infringement

Concerning the protection against acts of infringement, the two systems - trademarks and GI Products - provide different solutions. Right owners may resort to the two systems even if their GI has not yet been registered, either as a collective/certification trademark or as a GI Product, as illustrated by some of our practice below.

Protection of unregistered GIs

In 2011, the CIVC had not yet secured the registration of *Champagne* as a collective trademark (the registration of foreign GI Product was only possible in 2016) and found out that a Chinese company was selling sparkling water called Seven Star Champagne. The CIVC initiated a civil action before the Beijing No.1 Intermediate Court in 2012, citing articles 10.1.7, 10.2 and 16 of the Trademark Law, as well as Article 13 (unregistered well-known trademark). The court took three years to decide and finally, after careful analysis of all the legal means cited by the CIVC, ruled in favor of the CIVC on the basis of Article 16, finding: Champagne is a geographical indication and the sparkling water of Seven Star does not originate from such place. The court added that the geographical indication should be protected regardless of whether, or not, it is registered as a collective mark or certification mark in China.

Protection of GIs registered as trademark

Once a GI is registered as a collective or certification trademark, the enforcement of the right is governed by the relevant articles of the law, with no difference from other ordinary trademarks. The GI trademark can also be recognized as a well-known trademark and enforced against the use on different goods.

In 2020, the CIVC launched a civil action before the Beijing IP Court against two Chinese companies manufacturing and selling perfumes under the name *Champagne Life*. In February 2022, the court decided in favor of the CIVC, establishing, first, that the collective trademark Champagne is well-known, as provided by Article 13 of the Trademark law. The court elaborated on the issue, explaining that the reputation achieved by Champagne resulted from its long duration of use as a GI before it was registered. The court also specified that the reputation acquired by the main producers of Champagne benefited the CIVC, owner of the GI. Finally, the court added a comment on the necessity for the CIVC to protect the GI against a claim that the name Champagne could be considered as a generic term. The defendants were ordered to pay damages and costs totaling RMB220,000. In November 2023, the Beijing High Court confirmed the first instance judgment.

More recently, in May 2023, the CIVC brought an action against a company selling non-alcoholic beverage under the name "Little Champagne". The Beijing IP Court, in its judgment of 29 September 2024, found that sparkling wine and non-alcoholic beverage are dissimilar goods and that, due to the reputation of Champagne, the use of such name on non-alcoholic beverage creates a risk of association in the minds of the consumers which is detrimental to the interests of the CIVC. The court added a similar comment as regards the risk of genericity which justifies the need to protect the GI Champagne. The defendant was ordered to pay CIVC damages for RMB400,000 plus cost RMB80,000. The case is currently under appeal.

Finally, another recent case illustrates the willingness of Chinese courts to protect well-known GIs registered as collective trademarks. In 2023, the CIVB (Conseil Interprofessionnel du Vin de Bordeaux) filed a civil action before the Shenzhen Intermediate Court against a company operating a club where consumers can play games while enjoying a foot massage. The club called itself Xixiang Bordeaux Leisure Club. On 30 September 2024, the court decided in favor of the CIVB, stating that the collective trademark Bordeaux is well-known in China and that the use of this name, even in the absence of confusion, weakens the association between the GI and the famous wines produced in the region. Furthermore, the use of Bordeaux in the tradename of the defendant was considered as an act of unfair competition. The defendant was ordered to pay RMB50,000 as damages and costs.

Protection of GI Products

Cases of enforcement against acts of infringement involving a GI product are rare, due to the absence of a special law regulating such infringement actions.

The Measures of 29 December 2023 provide (article 30) that violations are "...subject to relevant laws and regulations..."

As a matter of fact, the Civil Code of China, promulgated on 28 May 2020 provides in Article 123 that "*Civil subjects enjoy*

intellectual property rights according to law. Intellectual property rights are [...] (4) Geographical Indications...).” However, whereas the enforcement of works of art, inventions, trademarks and trade secrets is explicitly provided by copyright, patent, trademark, and anti-unfair competition laws, there is no “GI Law” supporting the enforcement of GIs.

In practice, the only law that can be used is the Anti-Unfair Competition Law. Article 2 establishes the principle of fairness and good faith in business activities and Article 6 addresses situations where a business operator misleads consumers into believing that its own goods are the goods of another entity.

Article 2 of this law was cited once, successfully, in a case between the Bureau National Interprofessionnel du Cognac (BNIC) and the car manufacturer Ford.

In 2018, Ford China launched a series of vehicles under the name "COGNAC Special Edition" including models like the "EcoSport COGNAC Special Edition" and "Mondeo EcoBoost 180 COGNAC Special Edition".

These vehicles were promoted on Ford China's official website and on other media. The marketing campaign went as far as using the tagline of "Not all brandies are Cognac, not all Fords are Cognac", which inappropriately leveraged Cognac's prominent position in brandy to endorse the premium quality of Ford's Cognac series vehicles. Ford also used “COGNAC Brown” to refer to the color of the interior decoration of these vehicles.

On 23 November 2020, the Suzhou Intermediate Court decided that, by exploiting the reputation of the name Cognac, Ford had committed acts of unfair competition, violating Article 2 of the law. Ford appealed to the Jiangsu Provincial High Court who confirmed the first instance decision in 2023.

3. The need for a GI Products Law

The BNIC v. Ford case, high profile as it may be, is an exception and does not offset the weak enforcement of GI Products against acts of infringement.

This weakness is due to the absence of power of the administrative enforcement authority to take action when GI Products are infringed.

Such powers had been provided in a draft regulation issued in 2020, and again in 2023, by the CNIPA, which provided: *"In case of any of the following [infringing] acts, the authorities responsible for enforcement for geographical indications shall order the offender to forthwith stop the illegal act; where there is illegal turnover, the illegal turnover shall be confiscated; in serious cases, a fine of not more than five times the illegal turnover, capped at RMB100,000 may be imposed; where there is no illegal turnover or the illegal turnover is less than RMB50,000, a fine of not more than RMB50,000 may be imposed"*.

Unfortunately, the final text of the Measures promulgated at the end of 2023, did not keep this provision. The reason is

apparently that, as indicated in the State Council Institutional Reform Plan dated 7 March 2023, the CNIPA, which used to be administered by the State Administration for Market Regulation (SAMR), was elevated to a higher administrative echelon and became an institution directly under the State Council. As a result, the CNIPA no longer has the enforcement authority over the IP rights. This responsibility belongs now to the SAMR.

Besides, the absence of a GI Law does not help either. Such a law could provide for the protection of the GI Products in the same manner as the Trademark Law addresses the issue of the protection of trademarks. Right holders of GI Products need a law that clearly defines the scope of protection of their rights and serves as a legal base for legal civil action, or criminal prosecution, as the case maybe.

The European model

In that regard, China could find inspiration in the latest European Regulation dated 18 October 2023, which provides that GIs shall be protected “*against any direct or indirect commercial use [...] where the use of the name exploits, weakens, dilutes, or is detrimental to the reputation of the protected geographical indication*” and “*against any misuse, imitation or evocation of the name protected as a geographical indication...*”.

The few cases mentioned above show that China is quite in line with the European view, even though it achieves an equivalent level of protection through different legal means (protection of well-known trademark or unfair competition).

[1] China even created a third system under the Ministry of Agriculture, which was abandoned in March 2022, according to a reply of the Ministry of Agriculture and Rural Affairs (the successor of the Ministry of Agriculture) to an online inquiry regarding the accreditation policy of agricultural product geographical indications.